

# GETTING THE MOST FOR YOUR MONEY

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Food and Nutrition Service, USDA



# ENTITLEMENTS

PRIOR YEAR MEALS

X

JULY 1 RATE

+

12% FUNDING

+/-

PRIOR YEAR BALANCE

=

TOTAL ENTITLEMENT



# PURCHASE PLANNING

- January/February
  - Estimate entitlement
  - Estimate Group A/Group B split
- Group B – Order Driven, no purchase plan
- Group A – Purchase Plan Dollars
  - Market Conditions – Section 32
  - History
  - Customer Preference



AMS/FNS PURCHASE PLAN FOR CHILD NUTRITION PROGRAMS  
(IN MILLIONS OF DOLLARS)

## OFFICIAL USE ONLY

	SCHOOL YEAR 2005 ENTITLEMENT						SY 2006 ENTITLEMENT			
	FY 2004 (4th Qtr) 07/04- 09/04		FY 2005  10/04 - 06/05		SY 2005 TOTAL  07/04 - 06/05		FY 2005 (4th Qtr) 07/05 - 09/05		FY 2005 TOTAL  10/04 - 09/05	
	POUNDS	VALUE	POUNDS	VALUE	POUNDS	VALUE	POUNDS	VALUE	POUNDS	VALUE
COMMODITY										
TOTAL SECTION 6, POULTRY	32.0		43.6		75.6		10.0		53.6	
TOTAL SECTION 32, POULTRY	35.9		71.1		107.0		35.9		107.0	
GRAND TOTAL POULTRY	67.9		114.7		182.6		45.9		160.6	
TOTAL SECTION 6, MEAT/FISH	62.5		63.7		126.2		14.9		78.6	
TOTAL SECTION 32, MEAT/FISH	37.6		92.4		130.0		37.6		130.0	
GRAND TOTAL MEAT/FISH	100.1		156.1		256.2		52.5		208.6	
SECTION 6, F&V	28.1		69.3		97.4		28.1		97.4	
TOTAL SECTION 32, F&V	48.3		64.7		113.0		48.3		113.0	
GRAND TOTAL F&V	76.4		134.0		210.4		76.4		210.4	
TOTAL SECTION 32, DOD FRESH	9.1		40.9		50.0		9.1		50.0	
SECTION 6 TOTAL	122.6		176.5		299.1		53.0		229.5	
SECTION 32 TOTAL	130.9		269.1		400.0		130.9		400.0	
SECTION 6 & 32 GRAND TOTAL	253.5		445.6		699.1		183.9		629.5	

# SURVEYS AND ORDERS

- Allocation
  - Products allocated by total entitlement less DOD Fresh
  - 4<sup>th</sup> Quarter Funding
  - Estimates, estimates, estimates
- Orders Versus Allocation
  - Meat and Poultry
    - Capped Commodities
    - Non-capped Commodities
  - Fruit and Vegetables
  - FNS Monitoring – National Level

# SURVEYS AND ORDERS

- Orders vs. Entitlement
  - Anticipate commodity offerings – schedules
    - No Adjustment Code A Surveys
  - Anticipate entitlement increase/decrease
    - Meals
    - 12% Funds
    - Prior Year Balance
  - Anticipate changes
  - Monitor entitlement balance



# ENTITLEMENT MONITORING

- Not an exact science
- FNS monitors based on percentages
- Importance of using entitlement funding



# Order Adjustments

- Adding Orders
  - Non-capped Meat and Poultry, Group B
  - Capped Meat and Poultry
  - Fruits, and Vegetables
- Canceling Orders
  - VP or VO Status
  - CI or II Status
  - VA, ND, CN Status
  - SH Status





JUST ASK!!!!



# Getting the Most for Your Money

## ACDA 2004

Dennis J. Pearson  
Chief

Commodity Procurement  
Branch

Poultry Programs

USDA AMS

# Purchase Plan Dollars

- Market conditions
- Past history
- Outlets

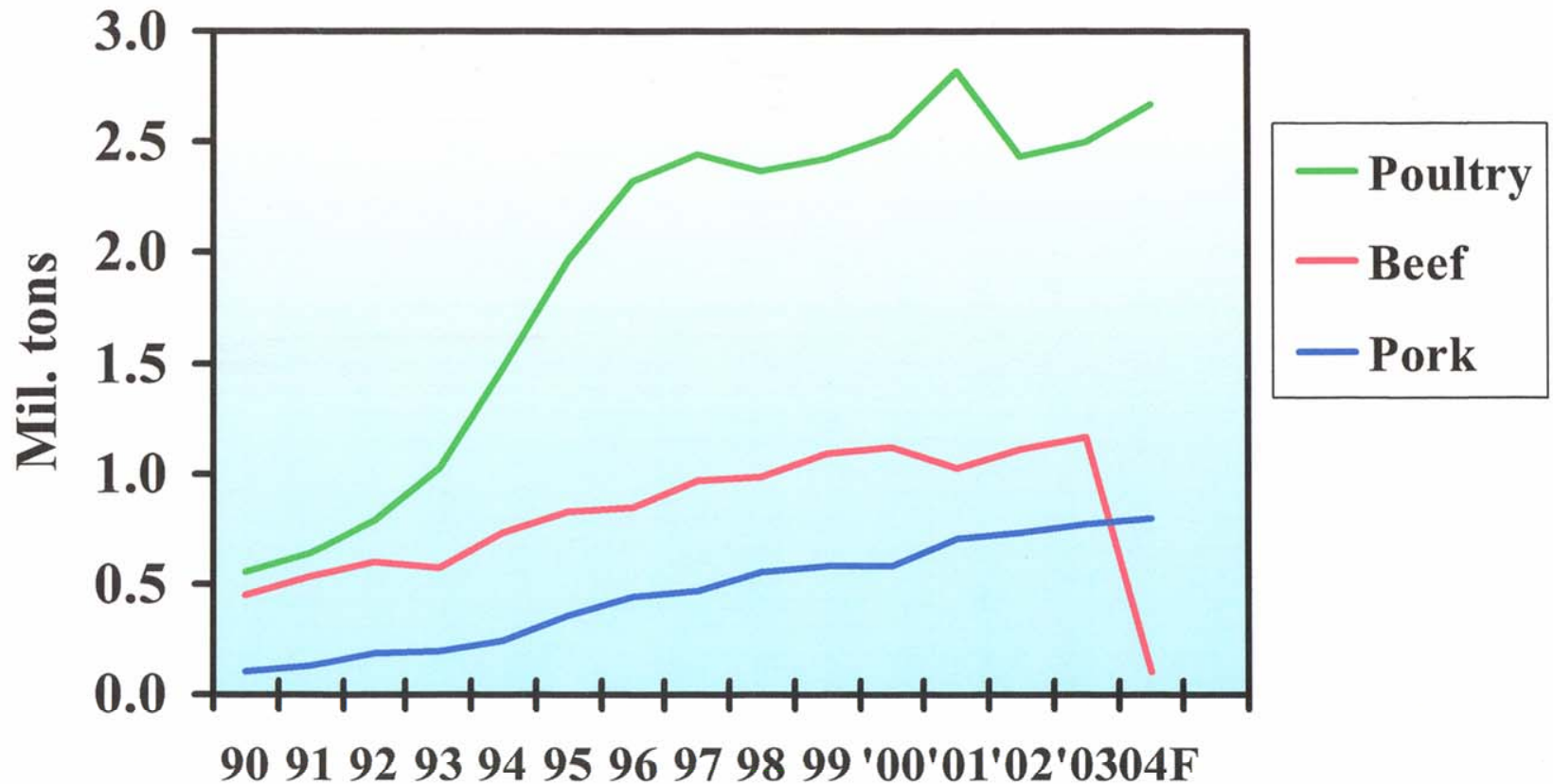


# Limitations to Purchases

- Market conditions
- Supply and demand
- Plant capacities
- Funding



## 5--U.S. Meat Exports... *A Mixed Story*



## 11--Commodity Price Outlook...

### *Generally Strong*

<i>Commodity</i>	<i>5-yr. Avg.</i>	<i>2003/04F for crops 2004F for livestock</i>	
<b>Wheat (\$/bu)</b>	<b>2.82</b>	<b>3.35</b>	<b>+19%</b>
<b>Corn “</b>	<b>1.96</b>	<b>2.45</b>	<b>+25%</b>
<b>Soybeans “</b>	<b>4.77</b>	<b>7.25</b>	<b>+52%</b>
<b>Cotton (\$/lb)</b>	<b>0.46</b>	<b>0.63 to Dec.</b>	<b>+37%</b>
<b>Rice (\$/cwt)</b>	<b>5.76</b>	<b>7.25</b>	<b>+26%</b>
<b>Cattle “</b>	<b>71.94</b>	<b>74.50</b>	<b>+4%</b>
<b>Hogs “</b>	<b>39.79</b>	<b>39.00</b>	<b>-2%</b>
<b>Broilers “</b>	<b>58.20</b>	<b>70.00</b>	<b>+20%</b>
<b>Milk “</b>	<b>13.30</b>	<b>13.30</b>	<b>-0%</b>

# Bulk Chicken Example

- 02-03 Purchase Year
  - 2,290 units
  - \$37.1 million
- 03-04 Purchase Year
  - 2,365 units
  - \$42.8 million
- To Complete Purchases
  - \$51.2 million



# Supply and Demand

- Beef
- Pork
- Turkey
- Eggs
- Chicken
- Fruit and Vegetable Products





# AMS and Processors

- Request DO's
- Communication



# New Product Development

- Vendor or recipient request
- Sample submission
- Evaluation
- Specification development
- Conduct purchases



# New Products

- Turkey taco filling
- Chicken fajita strips
- Bulk fowl



# Getting The Most For Your Money

Cathy Quick

Florida Department of Agriculture and  
Consumer Services

Food Distribution



# How Do We Do It ???

- Demand Driven State
  - Recipient Agencies select type and amount of commodity they can use.
  - All commodities allocated to requesting agencies prior to placing orders with USDA.
  - Bureau works closely with all affected parties.



# Offer And Acceptance

- Survey the Recipient Agencies
  - Offer & Acceptance for Group A
  - Offer & Acceptance for Group B
- Survey Deadlines
  - Surveys - mailed or e-mailed (by request) to RA's in December.
  - Group B Surveys - due last week of January.
  - Group A Surveys - due first week in March.
  - Early due dates – to ensure accuracy of orders and meet USDA deadlines.



# Offer and Acceptance

## Offer and Acceptance Survey

## Type A Commodities

Program Year		2004-2005: National School Lunch Program				Department of Agriculture and Consumer Services			
Recipient Agency #						Bureau of Food Distribution			
Recipient Agency Name						Mayo Bldg, 2nd Floor (M-39)			
Food Services Director or Authorized Designee						407 S. Calhoun Street			
Planned Assistance Level (PAL\$) Type A						Tallahassee, Florida 32399-0800			
PAL\$-A x 150% =		\$0.00				Phone: (850) 487-6694 Fax: (850) 488-6961			
						PAL\$-A x 150% = \$0.00			

Commodity	ID #	Pack Size	Eval/Cs	Cases/ Truck	Refuse ? Y/N	Bonus Only ? Y/N	Number of Bonus Only Cases	PAL Cases Req	Cases Cap	(Optional) Subtotal
Apple Slices	A345	6/#10 Can	\$14.84	912						
Apple Slices Frz	A346	30 Lb Ctn	\$8.20	1320						
Apples	A343	37-40 Lb Ctn	\$11.46	924						
Applesauce 10	A350	6/#10 Can	\$11.39	912						
Apricots 10	A360	6/#10 Can	\$20.81	912						
Apricots Frz 20	A358	20 Lb Box	\$12.66	1900						
Beans B Lima Cnd	A082	6/#10 Can	\$10.95	864						
Beans Blk Tutl 10	A008	6/#10 Can	\$10.20	864						
Beans Blkeye Cnd	A084	6/#10 Can	\$10.13	864						
Beans Gbzo Cnd	A089	6/#10 Can	\$11.33	864						
Beans Green Frz	A070	30 Lb Ctn	\$14.11	1320						
Beans Grt North Cnd	A088	6/#10 Can	\$9.20	864						
Beans Pink Cnd	A083	6/#10 Can	\$12.11	864						
Beans Pinto Cnd	A079	6/#10 Can	\$9.49	864						
Beans R Kidney Cnd	A086	6/#10 Can	\$9.19	864						
Beans Refried	A085	6/#10 Can	\$11.58	864						
Beans S Red Cnd	A087	6/#10 Can	\$11.77	864						
Beans Veg 10	A091	6/#10 Can	\$9.04	864						
Beans, Green Cnd	A061	6/#10 Can	\$16.09	912						
Beef 40	A608	40 Lb Ctn	\$61.97	1000						
Beef Blk Coarse	A694	60 Lb Ctn	\$93.53	700						
Beef NJ	A610	24/29 oz Can	\$67.20	828						
Beef Patties VPP 40	A616	40 Lb Ctn	\$59.99	950						
Beef Patties All Beef 40	A626	40 Lb Ctn	\$67.63	950						
Beef Patties Lean 40	A627	40 Lb Ctn	\$70.10	950						
Boneless Picnic	A632	60 Lb Ctn	\$41.91	667						
Carrots 10	A100	6/#10 Can	\$13.24	912						
Carrots 30	A099	30 Lb Ctn	\$9.04	1320						
Chicken Cnd 50	A607	12/50 oz Can	\$69.06	1000						

# Placing Orders for Direct Shipment

- Requisitions received by the Bureau - orders compiled, verified and truck-loaded.
- Surveys released by USDA - orders are placed: Group B, followed by Group A.
- Bulk commodities such as beef, pork, chicken and turkey ordered last.





# BENEFITS OF O & A

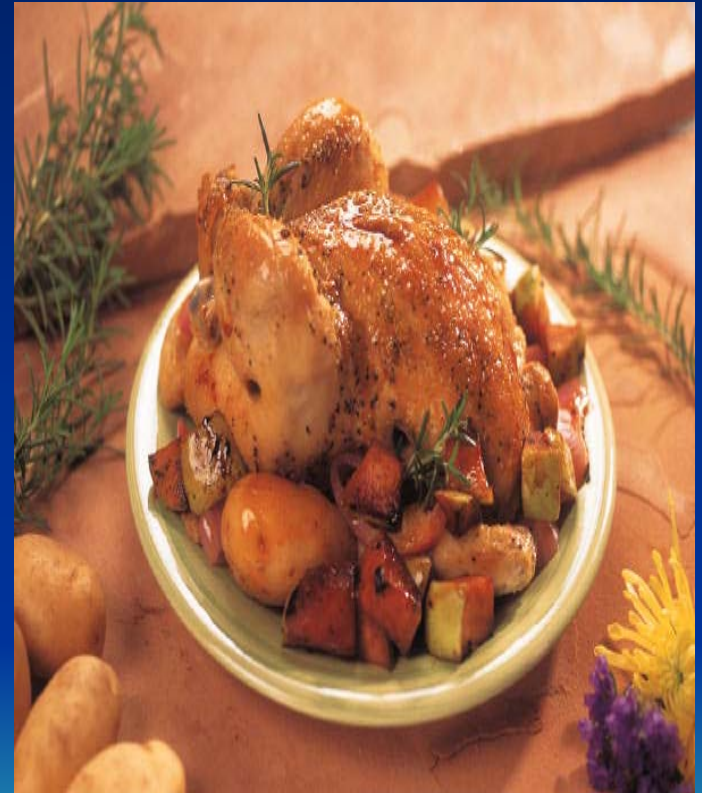
- Information Resource
  - Serves as source of information readily available when USDA opens additional and bonus offers. (RA's surveyed via e-mail if new products are offered.)
  - Can be queried to determine demand for commodities - eliminates waste and decreases storage costs.
  - Allows Bureau to monitor each RA's Planned Assistance Level (PAL)



# PROCESSING



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# PROCESSING ORDERS

- Processor Selection Form and End Product Data Summary included with O & A Packet.
- Form allows RA to select a State of Florida Approved Processor to divert commodities to for further processing.
- Orders sent to a processor must be ordered in full truckloads.
  - RAs unable to order full trucks - Bureau will work with processor to locate another RA or another State to share or transfer the commodity.



# PROCESSOR SELECTION

<b>"GROUP A"</b>  <b>PROCESSOR SELECTION SURVEY</b>  2004-2005 School Year	Florida Department of Agriculture Bureau of Food Distribution Mayo Bldg 2nd Floor (M-39) 407 N. Calhoun St. Tallahassee, FL 32309-0300 Phone: (904) 487-4494 FAX: (904) 488-4941
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Please read this survey with the "Group A" Offer and Acceptance Package.

**Due on or before 03/05/2004.**

This form is required if you will be utilizing commodity processing for "Group A" commodities.

All requests for food orders must be placed in writing on the Offer and Acceptance Survey. Ordering food for shipment directly to the processor, rather than having it backhauled from a regional agency's warehouse, may result in considerable cost savings. Direct shipment are made in full truckloads - partial truckload requests are subject to car-loading availability.

Complete this form for all "Group A" commodities being processed (see attached summary and processor information sheet).

If a processor is not included on our expected processor list, please list name of company, contact person and phone number so we may contact them.

The Processing agreement is neither competitively procured by BFD nor is an endorsement of a particular company or product. Therefore, it is incumbent upon you to comply with all Federal/State/Local competitive procurement rules and regulations.

Program No:	County School Food Service Name:
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UNDA Commodity Code	UNDA Commodity Name	UNDA Commodity Quantity (# of Cases)	Processor Name	End Product Code Number	Requested Ship Date for Finished End Product
Signature:		Title:		Phone:	Date:

# HINTS

- COMMUNICATION is the KEY...
  - Before Ordering
    - Talk. Call or E-mail your RAs, Processors, etc.
    - Assist in determining demand for commodity.
    - Discuss anticipated delivery dates to the Processors and to RA's warehouse.
    - Encourage RAs to perform cost-analysis.
    - And don't forget – get your bids done early!



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